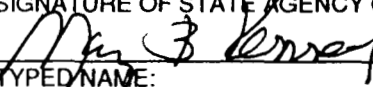
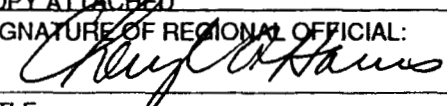


DYSON

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: <u>0 0 - 0 2 9</u>	2. STATE: Minnesota
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE 10/01/00	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.252		7. FEDERAL BUDGET IMPACT: <u>13,864 10</u> a. FFY '01 \$ <u>13,360</u> b. FFY '02 \$ <u>0</u>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Att. 4.19-A, pp. 1- <sup>51</sup> <del>48</del>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Att. 4.19-A, pp. 1-49	
10. SUBJECT OF AMENDMENT: Methods and Standards for Determining Payment Rates for Inpatient Hospital Services Provided by Non-State Owned Facilities			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO:  Stephanie Schwartz Minnesota Department of Human Service 444 Lafayette Road North St. Paul, Minnesota 55155-3853	
13. TYPED NAME: Mary B. Kennedy			
14. TITLE: Medicaid Director			
15. DATE SUBMITTED: November 28, 2000			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 12/05/00		18. DATE APPROVED: <u>5/18/01</u>	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <u>October 01, 2000</u>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Cheryl A. Harris		22. TITLE: Associate Regional Administrator Division of Medicaid and Children's Health	
23. REMARKS:			

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DEC 05 2000

DMIO - MI/MI/VI

**MINNESOTA  
MEDICAL ASSISTANCE**

Federal Budget Impact of Proposed State Plan Amendment TN 00-29  
Attachment 4.19-A: Increase in Medicaid Payment Rate for Medical Education

---

Effective October 1, 2000, the payment rates for medical education for inpatient hospitals will be increased for Federal Fiscal Year 2001. The total increase will be \$27,125,108.41. A summary of the costs follows.

	(in 1000's)	
	<u>FFY '01</u>	<u>FFY '02</u>
Total cost	\$27,125	\$0
FFP	51.11%	-
Total MA Cost	\$27,125	\$0
State share	\$13,261	\$0
<b>Federal share</b>	<b>\$13,864</b>	<b>\$0</b>

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Inpatient Hospital

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**Methods and Standards for Determining Payment Rates for Inpatient  
Hospital Services Provided by Non-State Owned Facilities**

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- 1.0 Purpose and Scope
- 2.0 Definitions
- 3.0 Establishment of Base Years
- 4.0 Determination of Relative Values of the Diagnostic Categories
- 5.0 Determination of Adjusted Base Year Operating Cost Per Admission and Per Day Outlier
- 6.0 Determination of Adjusted Base Year Operating Cost Per Day
- 7.0 Determination of Hospital Cost Index (HCI)
- 8.0 Determination of Property Cost Per Admission
- 9.0 Determination of Property Cost Per Day
- 10.0 Determination of Rate Per Admission and Per Day
- 11.0 Recapture of Depreciation
- 12.0 Payment Procedures
- 13.0 Disproportionate Population Adjustment
- 14.0 Appeals
- 15.0 Other Payment Factors

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**Allowable base year operating cost.** "Allowable base year operating cost" means a hospital's base year inpatient hospital cost per admission or per day that is adjusted for case mix and excludes property costs.

**Ancillary service.** "Ancillary service" means inpatient hospital services that include laboratory and blood, radiology, anesthesiology, pharmacy, delivery and labor room, operating and recovery room, emergency room and outpatient clinic, therapy, medical supplies, renal dialysis, psychiatric, and chemical dependency services customarily charged in addition to an accommodation service charge.

**Base year.** "Base year" means a hospital's fiscal year that is recognized by Medicare, or a hospital's fiscal year specified by the commissioner if a hospital is not required to file information with Medicare, from which cost and statistical data are used to establish rates.

**Case mix.** "Case mix" means a hospital's admissions distribution of relative values among the diagnostic categories.

**Charges.** "Charges" means the usual and customary payment requested by the hospital of the general public.

**Cost outlier.** "Cost outlier" means the adjustment included in the relative value that is applied to the admission and outlier rates so that payment is adjusted for exceptionally high cost stays. The adjustment is applied to all admissions with an above average cost, including patients that have not yet attained the age of one in all hospitals and that have not yet attained the age of six in disproportionate population hospitals.

**Cost-to-charge ratio.** "Cost-to-charge ratio" means a ratio of a hospital's inpatient hospital costs to its charges for inpatient hospital services.

**Day outlier.** "Day outlier" means an admission where the length of stay exceeds the mean length of stay for neonate and burn diagnostic categories by one standard deviation, and in the case of all other diagnostic categories by two standard deviations.

**Diagnostic categories.** "Diagnostic categories" means the diagnostic classifications containing one or more diagnostic related groups (DRGs) used by the Medicare program. The DRG classifications must be assigned according to the base year program and specialty groups with modifications as specified in items A to D E.

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**A. Diagnostic categories eligible under the Medical Assistance non-Minnesota family investment program.** The following diagnostic categories are for persons eligible under the Medical Assistance non-MFIP except as provided in items B, C or D:

DIAGNOSTIC CATEGORIES	DRG NUMBERS WITHIN DIAGNOSTIC CATEGORIES	INTERNATIONAL CLASSIFICATION OF DISEASES, 9th Ed. CLINICAL MODIFICATIONS
<b>A. Nervous System Conditions</b>		
(1) Treated with Craniotomy, Age >17	001, 002	
(2) Treated with Craniotomy, Age 0-17	003	
(3) [Reserved for future use]		
(4) [Reserved for future use]		
(5) [Reserved for future use]		
(6) Nervous System Neoplasms	010, 011	
(7) [Reserved for future use]		
(8) [Reserved for future use]		
(9) [Reserved for future use]		
(10) [Reserved for future use]		
(11) [Reserved for future use]		
(12) [Reserved for future use]		
(13) [Reserved for future use]		
(14) [Reserved for future use]		
(15) [Reserved for future use]		
(16) Treated with Other Surgical Procedures	004, 005, 007	
(17) Peripheral, Cranial, and Other Nerve Procedure without CC	008	
(18) Other Nervous System Diseases Treated Without Surgery	013, 015, 017	
(19) Spinal Disorders/Injuries and Nervous System Infection	009, 020	
(20) Specific Cerebral Vascular and Cranial/Peripheral Nerve Disorders	014, 018, 019	
(21) Degenerative and Nonspecific Cerebral Vascular Disorders with CC	012, 016 024-026	
(22) Seizure and Headache		
(23) Traumatic Stupor with Coma > 1 Hr, and Coma < 1 Hr, Age > 17 with CC	027, 028	
(24) Viral Meningitis, Hypertensive Encephalopathy, Concussion Age > 17 with CC, Other Stupor and Coma	021-023, 029, 031	
(25) Concussion, Age 0-17 and Age > 17 without CC	032, 033	
(26) Stupor and Coma < 1 Hr, Age 0-17 and Other Disorders of the		

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(3) Otitis Media and URI	068-070	
(4) Dental and Oral Disorders	185-187	
(5) [Reserved for future use]		
(6) Other Ear, Nose, Throat and Mouth Conditions	049-058, 061, 063-067, 071- 074, 168, 169	Codes in DRG 049 except 20.96-20.98
D. Respiratory System Conditions		
(1) Treated with Ventilator Support for < 96 Hours	475	Excludes 96.72
(2) [Reserved for future use]		
(3) Treated with Ventilator Support for 96 + Hours	475	Includes 96.72
(4) Treated with Tracheostomy Except For Face, Mouth, and Neck Diagnoses	483	
(5) [Reserved for future use]		
(6) Respiratory Neoplasms	082	
(7) [Reserved for future use]		
(8) [Reserved for future use]		
(9) [Reserved for future use]		
(10) Treated with Tracheostomy for Face, Mouth, and Neck Diagnoses	482	
(11) Simple Pneumonia and Pleurisy, Age 0-17 and Age >17 without CC	090,091	
(12) Major Chest Procedures and OR Procedures with CC	075, 076	
(13) Major Respiratory Diseases and Disorders Treated with Surgery	078, 079, 087, 092, 101	
(14) Other OR Procedures without CC	077	
(15) Specific Respiratory System Diseases and Other Diseases with CC	080, 081, 083, 085, 088, 089, 094, 099	

- 
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479  
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(7) [Reserved for future use]  
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(9) [Reserved for future use]  
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- |  |                   |
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|--|---------------|
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| (4) [Reserved for future use]  |               |
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| (12) [Reserved for future use]                                       |               |
| (13) [Reserved for future use]                                       |               |
| (14) [Reserved for future use]                                       |               |
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(3)	[Reserved for future use]		
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**B. Diagnostic categories eligible under the Minnesota family investment program.** The following diagnostic categories are for persons eligible for Medical Assistance under the MFIP except as provided in items C or D:

DIAGNOSTIC CATEGORIES	DRG NUMBERS WITHIN DIAGNOSTIC CATEGORIES	INTERNATIONAL CLASSIFICATION OF DISEASES, 9th Ed. CLINICAL MODIFICATIONS
-----------------------	--	--

**A. Nervous System Conditions**

- (1) Treated with Craniotomy, Age > 17 001, 002

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- |      |   |                              |                                   |
|------|---|------------------------------|-----------------------------------|
| (2)  | Treated with Craniotomy, Age 0-17 and Cochlear Implants                 | 003, 049                     | DRG 049 includes 20.96-20.98 only |
| (3)  | [Reserved for future use]   |                              |                                   |
| (4)  | [Reserved for future use]   |                              |                                   |
| (5)  | [Reserved for future use]   |                              |                                   |
| (6)  | [Reserved for future use]   |                              |                                   |
| (7)  | [Reserved for future use]   |                              |                                   |
| (8)  | [Reserved for future use]   |                              |                                   |
| (9)  | [Reserved for future use]   |                              |                                   |
| (10) | Seizure and Headache, Age > 17  | 024, 025                     |                                   |
| (11) | Seizure and Headache, Age 0-17  | 026                          |                                   |
| (12) | [Reserved for future use]   |                              |                                   |
| (13) | [Reserved for future use]   |                              |                                   |
| (14) | [Reserved for future use]   |                              |                                   |
| (15) | [Reserved for future use]   |                              |                                   |
| (16) | Cerebral Vascular and CNS Disorders Treated without Surgery             | 013-015, 017, 019, 021, 022  |                                   |
| (17) | Treated with Other Surgical Procedures                                  | 004, 007, 008                |                                   |
| (18) | Neoplasms and Other Nervous System Disorders                            | 010, 011, 034, 035           |                                   |
| (19) | Infection, Traumatic Stupor with Coma > 1 Hr, and Other Major Disorders | 009, 012, 016, 018, 020, 027 |                                   |
| (20) | Stupor and Coma < 1 Hr and Concussion, Age > 17                         | 023, 028-032                 |                                   |
| (21) | Concussion, Age 0-17  | 033                          |                                   |

B. Eye Diseases and Disorders 036-048

C. Ear, Nose, Throat, and Mouth Diseases and Disorders

- |     |  |  |                                     |
|-----|--|--|-------------------------------------|
| (1) | Treated with Tonsillectomy/Adenoidectomy Only          | 059, 060                                 |                                     |
| (2) | Treated with Myringotomy with Tube Insertion, Age 0-17 | 062                                      |                                     |
| (3) | Otitis Media and URI                                   | 068-070                                  |                                     |
| (4) | Dental and Oral Disorders                              | 185-187                                  |                                     |
| (5) | [Reserved for future use]                              |  |                                     |
| (6) | Other Ear, Nose, Throat, and Mouth Conditions          | 049-058, 061, 063-067, 071-074, 168, 169 | Codes in DRG 049 except 20.96-20.98 |

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D. Respiratory System Conditions

- |  |  |                |
|--|--|----------------|
| (1) Treated with Ventilator Support for < 96 Hours                                   | 475  | Excludes 96.72 |
| (2) [Reserved for future use]  |  |                |
| (3) Treated with Ventilator Support for 96 + Hours                                   | 475  | Includes 97.72 |
| (4) [Reserved for future use]  |  |                |
| (5) [Reserved for future use]  |  |                |
| (6) [Reserved for future use]  |  |                |
| (7) [Reserved for future use]  |  |                |
| (8) [Reserved for future use]  |  |                |
| (9) [Reserved for future use]  |  |                |
| (10) Treated with Tracheostomy   | 482, 483   |                |
| (11) Respiratory Failure, Neoplasms, Infections, and COPD                            | 079, 081, 082, 087, 088<br>075                             |                |
| (12) Major Chest Procedures  |  |                |
| (13) Pleural Effusion, Pulmonary Embolism, Pneumothorax, and Other Disorders with CC | 078, 085, 086, 092,<br>094, 095, 101                       |                |
| (14) Other OR Procedures   | 076, 077   |                |
| (15) Other Respiratory System Diseases   | 080, 083, 084,<br>089-091, 093, 096,<br>097, 099, 100, 102 |                |

E. Circulatory System Conditions

- |  |                                     |  |
|--|-------------------------------------|--|
| (1) Major Cardiac Surgery  | 104, 106, 108                       |  |
| (2) Other Cardiac and Vascular Surgery and Interventional Procedures | 105, 107, 110<br>113, 115, 478      |  |
| (3) Percutaneous Cardiac and Other Vascular Procedures               | 005, 111, 112, 114,<br>116-120, 479 |  |
| (4) [Reserved for future use]  |                                     |  |
| (5) [Reserved for future use]  |                                     |  |
| (6) [Reserved for future use]  |                                     |  |
| (7) [Reserved for future use]  |                                     |  |
| (8) [Reserved for future use]  |                                     |  |
| (9) [Reserved for future use]  |                                     |  |
| (10) Major Cardiac Disorders Treated without Surgery                 | 121-127, 129,<br>135, 137, 144      |  |
| (11) [Reserved for future use]                                       |                                     |  |
| (12) Other Circulatory Conditions                                    | 132-134, 136<br>138-143, 145        |  |
| (13) Deep Vein Thrombophlebitis and Peripheral Vascular Disorders    | 128, 130, 131                       |  |



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F. Digestive System Diseases and Disorders

- |   |                  |
|---|------------------|
| (1) Treated with Anal and Stomal Procedures                       | 157-158          |
| (2) Treated with Hernia Procedures                                | 159-163          |
| (3) Treated with Appendectomy with Compl. Prin Diag or CC         | 164-166          |
| (4) Treated with Appendectomy without Compl. Prin Diag or CC      | 167              |
| (5) Treated with Other Surgical Procedure                         | 146-156, 170-171 |
| (6) Esophagitis, Gastroent, or Misc Digestive Disorders, Age > 17 | 182-183          |
| (7) Other Digestive System Condition                              | 172-181, 188-190 |

## G. Hepatobiliary System Conditions

- |  |                   |
|--|-------------------|
| (1) Treated with Surgical Procedure  | 191-201, 493, 494 |
| (2) [Reserved for future use]  |                   |
| (3) Cirrhosis & Alcoholic Hepatitis  | 202               |
| (4) [Reserved for future use]  |                   |
| (5) Malignancy of Hepatobiliary System or Pancreas & Other Disorders of Pancreas | 203, 204          |
| (6) Other Disorders of the Liver   | 205, 206          |
| (7) Disorders of the Biliary Tract   | 207, 208          |
| (8) [Reserved for future use]  |                   |

## H. Diseases and Disorders of the Musculoskeletal System and Connective Tissues

- |  |               |
|--|---------------|
| (1) Treated with Major Joint and Limb Reattachment Procedures        | 209, 471, 491 |
| (2) Treated with Hip and Femur Procedures or Amputation              | 210-213       |
| (3) [Reserved for future use]  |               |
| (4) [Reserved for future use]  |               |
| (5) Treated with Wound Debride or Skin Graft Except Hand             | 217           |
| (6) Treated with Lower Extrem and Humer Proc Except Hip, Foot, Femur | 218-220       |
| (7) [Reserved for future use]  |               |
| (8) Treated with Upper Extremity Procedure                           | 223-224       |
| (9) Treated with Foot Procedure                                      | 225           |
| (10) Treated with Soft Tissue Procedure                              | 226-227       |
| (11) [Reserved for future use]                                       |               |
| (12) [Reserved for future use]                                       |               |
| (13) [Reserved for future use]                                       |               |

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- |     |   |          |
|-----|---|----------|
| (7) | Kidney transplant and renal<br>system procedures for non-<br>neoplasm with CC | 302, 304 |
| (8) | Kidney, ureter, major bladder<br>procedure                                    | 303, 305 |

L. Male Reproductive System Conditions 334-352

M. Female Reproductive System Conditions

- |     |   |                  |
|-----|---|------------------|
| (1) | Treated with Tubal Interruption<br>Procedure                | 361, 362         |
| (2) | Treated with D&C, Conization,<br>or Radio-Implant           | 363, 364         |
| (3) | Female Reproductive System<br>Infection                     | 368              |
| (4) | Menstrual and Other Female<br>Reproductive System Disorders | 369              |
| (5) | Other Female Reproductive<br>System Conditions              | 353-360, 365-367 |

N. Pregnancy Related Conditions

- |         |  |         |
|---------|--|---------|
| (1)-(2) | [Reserved for future use]  |         |
| (3)     | Postpartum and Post Abortion<br>Conditions Treated without<br>Surgical Procedure | 376     |
| (4)     | Postpartum and Post Abortion<br>Conditions Treated with Surgical<br>Procedure    | 377     |
| (5)     | Ectopic Pregnancy  | 378     |
| (6)     | Threatened Abortion  | 379     |
| (7)     | Abortion without D&C   | 380     |
| (8)     | Abortion with D&C, Aspiration<br>Curettage or Hysterotomy                        | 381     |
| (9)     | False Labor  | 382     |
| (10)    | Other Antepartum Conditions  | 383-384 |

O. [Reserved for future use]

P. Blood and Immunity Disorders

- |     |   |         |
|-----|---|---------|
| (1) | Treated with Surgical Procedure<br>of the Blood and Blood Forming<br>Organs | 392-394 |
| (2) | [Reserved for future use]   |         |
| (3) | Red Blood Cell Disorders,<br>Age > 17                                       | 395     |

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(4)	Red Blood Cell Disorders, Age 0-17	396
(5)	Coagulation Disorders	397
(6)	Reticuloendothelial and Immunity Disorders	398, 399

Q. Myeloproliferative Diseases and Disorders, Poorly Differentiated  
Malignancy and Other Neoplasms Not Elsewhere Classified

(1)	[Reserved for future use]	
(2)	[Reserved for future use]	
(3)	[Reserved for future use]	
(4)	Treated with Radiotherapy or Chemotherapy	409, 410, 492
(5)	[Reserved for future use]	
(6)	Other treatments for myelopro- liferative diseases and disorders	400-408, 411-414, 473

R. Infections and Parasitic Diseases

(1)	Treated with Surgical Procedure	415
(2)	[Reserved for future use]	
(3)	Septicemia, Age > 17	416
(4)	Septicemia, Age 0-17	417
(5)	Viral Illness, Age > 17	421
(6)	Viral Illness and Fever of Unknown Origin, Age 0-17	422
(7)	Other Infections and Parasitic Diseases	418-420, 423

S. Mental Diseases and Disorders

(1)	Treated with Surgical Procedure (Age 0+)	424
(2)	(Age 0-17)	425, 427-429, 432
(3)	(Age > 17)	425, 427-429, 432

T. Substance Use and Substance Induced Organic Mental Disorder

(1)	(Age 0-20)	434, 435
(2)	(Age > 20)	434, 435

U. [Reserved for future use]

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V. Injuries, Poisonings, and Toxic Effects of Drugs

- (1) Treated with Surgical Procedure 439-443
- (2) [Reserved for future use]
- (3) Traumatic Injury 444-446
- (4) [Reserved for future use]
- (5) Poisoning and Toxic Effects of  
Drugs, Age > 17 with CC and  
Allergic Reactions 447-449
- (6) Poisoning and Toxic Effects  
of Drugs, Age > 17 without CC 450
- (7) Poisoning and Toxic Effects of  
Drugs, Age 0-17 451
- (8) Other Injuries, Poisoning, and  
Toxic Effects 452-455

W. Burns

- (1) Extensive Burns or Burns Treated  
with Surgical Procedure 457-459, 472
- (2) Nonextensive Burns without  
Surgery 460

X. Factors Influencing Health Status 461-467

Y. Bronchitis and Asthma

- (1) (Age 0-1) 098
- (2) (Age 2-17) 098

Z. [Reserved for future use]

AA. Esophagitis, Gastroenteritis, Miscellaneous Digestive Disorders

- (1) (Age 0-1) 184
- (2) (Age 2-17) 184

BB. [Reserved for future use]

CC. Cesarean Section

- (1) With Complicating Diagnosis 370
- (2) Without Complicating Diagnosis 371

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DD. Vaginal Delivery

- (1) [Reserved for future use]
- (2) Without Complicating Diagnosis or Operating Room Procedures 373
- (3) With Operating Room Procedure 374-375
- (4) With Complicating Diagnosis 372

EE. [Reserved for future use]

FF. Depressive Neurosis

- (1) (Age 0-17) 426
- (2) (Age > 17) 426

GG. Psychosis

- (1) (Age 0-17) 430
- (2) (Age > 17) 430

HH. Childhood Mental Disorders 431

II. Operating Room Procedure Unrelated to Principal Diagnosis

- (1) [Reserved for future use]
- (2) Nonextensive 476, 477
- (3) Extensive (Age 0-17) 468
- (4) Extensive (Age > 17) 468

JJ. [Reserved for future use]

KK. Extreme Immaturity

- (1) (Weight < 1500 Grams) 386 76501 to 76505  
387 76500
- (2) [Reserved for future use]
- (3) [Reserved for future use]
- (4) [Reserved for future use]
- (5) Neonate Respiratory Distress Syndrome 386 Codes for DRG 386 except 76501 to 76505

LL. Prematurity with Major Problems

- (1) (Weight < 1250 Grams) 387 76511 to 76514
- (2) (Weight 1250 to 1749 Grams) 387 76506, 76510  
76515, 76516

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(3)	(Weight > 1749 Grams)	387	Codes for DRG 387 except 76500, 76506, 76510 to 76516
MM.	Prematurity without Major Problems	388	
NN.	Full Term Neonates		
(1)	With Major Problems	389	
(2)	With Other Problems	390	
OO.	Multiple Significant Trauma	484-487	
PP.	[Reserved for future use]		
QQ.	Normal Newborns	391	
RR.-TT.	[Reserved for future use]		
UU.	Organ Transplants		
(1)	Heart, Liver, Bone Marrow, Lung	103, 480, 481, 495	
(2)	[Reserved for future use]		
VV.	[Reserved for future use]		
WW.	Human Immunodeficiency Virus	488-490	

**C. Diagnostic categories relating to a rehabilitation hospital or a rehabilitation distinct part.**

The following diagnostic categories are for services provided within a rehabilitation hospital or a rehabilitation distinct part, regardless of program eligibility:

DIAGNOSTIC CATEGORIES	DRG NUMBERS WITHIN DIAGNOSTIC CATEGORIES	INTERNATIONAL CLASSIFICATION OF DISEASES, 9th Ed. CLINICAL MODIFICATIONS
A. Nervous System Diseases and Disorders	001-035	except codes in XX
B.-G. [Reserved for future use]		
H. Diseases and Disorders of the Musculo- Skeletal System & Connective Tissues	209-213,	except codes in XX

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216- 220,  
223- 256,  
471, 491,  
496-503

I.- QQ. [Reserved for future use]

RR. Mental Diseases and Disorders/  
Substance Use and Substance Induced  
Organic Mental Disorders

424-432, except codes in XX  
434, 435

SS. Multiple Significant Trauma/  
Unrelated Operating Room Procedures

468, 476, except codes in XX  
477, 484-487

TT. Other Conditions Requiring  
Rehabilitation Services

036-108, except codes in XX  
110-208,  
257-423,  
439-455,  
457-467,  
472, 473,  
475, 478-483,  
488-490,  
492, 495

UU. [Reserved for future use]

VV. Quadraplegia and Quadripareisis  
Secondary to Spinal Cord Injury

all DRGs with ICD-9 diagnoses  
codes: 344.01, 344.02-344.04,  
344.09 in combination with 907.2

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**D. Diagnostic categories for neonatal transfers.** The following diagnostic categories are for services provided to neonatal transfers at receiving hospitals with neonatal intensive care units, regardless of program eligibility:

DIAGNOSTIC CATEGORIES	DRG NUMBERS WITHIN DIAGNOSTIC CATEGORIES	INTERNATIONAL CLASSIFICATION OF DISEASES, 9th Ed. CLINICAL MODIFICATIONS
A. - JJ.	[Reserved for future use]	
KK. Extreme Immaturity		
(1) (Weight < 750 Grams)	386	76501, 76502
(2) (Weight 750 to 999 Grams)	386	76503
(3) (Weight 1000 to 1499 Grams)	386	76504, 76505
	387	76500
(4) [Reserved for future use]		
(5) Neonate Respiratory Distress Syndrome	386	Codes for DRG 386 except 76501 to 76505
LL. Prematurity with Major Problems		
(1) (Weight < 1250 Grams)	387	76511, 76512, 76513, 76514
(2) (Weight 1250 to 1749 Grams)	387	76506, 76510, 76515, 76516
(3) (Weight 1250 to 1749 Grams)	387	Codes for DRG 387 except 76500, 76506, 76510 to 76516
MM. Prematurity without Major Problems (Weight > 1749 Grams)	388	
NN. Full Term Neonates		
(1) With Major Problems (Age 0)	389	
(2) With Other Problems	390	
OO.-WW.	[Reserved for future use]	



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#### **E. Additional DRG requirements.**

1. Version 15 of the Medicare grouper and DRG assignment to the diagnostic category must be used uniformly for all determinations of rates and payments.

2. The discharge status will be changed to "discharge to home" for DRG 385, 433, and 456.

3. A diagnosis with the prefix "v57" will be excluded when grouping under all diagnostic categories under item C.

4. For neonates transferred to a neonatal intensive care unit with a DRG assignment of DRG 482 or DRG 483, the ICD-9-CM procedure codes 30.3, 30.4, 31.11, 31.21 and 31.29 will be excluded when grouping under items A and B.

**Hospital cost index or HCI.** "Hospital cost index" or "HCI" means the factor annually multiplied by the allowable base year operating cost to adjust for cost changes.

**Inpatient hospital costs.** "Inpatient hospital costs" means a hospital's base year inpatient hospital service costs determined allowable under the cost finding methods of Medicare without regard to adjustments in payments imposed by Medicare.

**Inpatient hospital service.** "Inpatient hospital service" means a service provided by or under the supervision of a physician after a recipient's admission to a hospital and furnished in the hospital, including outpatient services provided by the same hospital that directly precede the admission.

**Local trade area hospital.** "Local trade area hospital" means a MSA hospital with 20 or more Medical Assistance including General Assistance Medical Care, a State-funded program, admissions in the base year that is located in a state other than Minnesota but in a county of the other state in which the county is contiguous to Minnesota.

**Metropolitan statistical area hospital or MSA hospital.** "Metropolitan statistical area hospital" or "MSA hospital" means a hospital located in a metropolitan statistical area as determined by Medicare for the October 1 prior to the most current rebased rate year.

**Non-metropolitan statistical area hospital or non-MSA hospital.** "Non-metropolitan statistical area hospital" or "non-MSA hospital" means a Minnesota hospital not located in a metropolitan statistical area as determined by Medicare for the October 1 prior to the most current rebased rate year.

**Operating costs.** "Operating costs" means inpatient hospital costs excluding property costs.

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**Out-of-area hospital.** "Out-of-area hospital" means a hospital that is located in a state other than Minnesota excluding MSA hospitals located in a county of the other state in which the county is contiguous to Minnesota.

**Property costs.** "Property costs" means inpatient hospital costs not subject to the hospital cost index, including depreciation, interest, rents and leases, property taxes, and property insurance.

**Rate year.** "Rate year" means a calendar year from January 1 through December 31.

**Rehabilitation distinct part.** "Rehabilitation distinct part" means inpatient hospital services that are provided by a hospital in a unit designated by Medicare as a rehabilitation distinct part.

**Relative value.** "Relative value" means the mean operating cost within a diagnostic category divided by the mean operating cost in all diagnostic categories within a program at diagnostic category A or B or specialty group C or D. The relative value is calculated from the total allowable operating costs of all admissions. This includes the full, untruncated costs of all exceptionally high cost or long stay admissions. Due to this inclusion of all costs, the relative value is composed of two parts. The basic unit of the relative value adjusts for the cost of an average admission within the given diagnostic category. The additional component of the relative value consists of an adjustment to compensate for the costs of exceptionally high cost admissions occurring within the diagnostic category. This factor, when applied to the base rate and the day outlier rate cause additional payment adjustments to be made to compensate for cost outliers typically found within the diagnostic category. Since all cost is included, the cost outlier threshold is the average cost and is set to pay a cost outlier adjustment for all admissions with a cost that is above the average. The amount of payment adjustment to the operating rate increases as the cost of an admission increases above the average cost.

**Transfer.** "Transfer" means the movement of a recipient after admission from one hospital directly to another hospital with a different provider number or to or from a rehabilitation distinct part.

**Trim point.** "Trim point" means that number of inpatient days beyond which an admission is a day outlier.

### 3.0 ESTABLISHMENT OF BASE YEARS

A. Except as provided in items B and C, the base year for the 1993 rate year shall be each Minnesota and local trade area hospital's most recent Medicare cost reporting period ending prior